

**Written Testimony
HB 820**

**Joint Committee on Appropriations
Submitted by Nancy Heyer, RN, MBA and Bonnie March, CPA
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Dear Honorable Legislators.

Thank you for hearing from us today. We stand before you for the purpose of voicing opposition to HB 820 (Also known as SB 206). As we understand from various sources within State Government this idea and formalized Legislative action has been discussed and promoted for the past 18 months. We learned from a newspaper article about efforts of Montana Health Solutions and others to obtain financial subsidies from the Federal and State Medicaid funding sources in order to recruit and retain home health care workers. You are going to give it to them!

Our first point is that we don't believe any business should ask the Federal and State Governments to enrich their workforce. We take the view that employee wages and benefits should be affordable through basic revenue from any payer source. We practice that theory by accepting only private payments from our clients. We exceed their expectations and they are loyal customers. It is simple business principle. We think every business leader must make difficult decisions about the environment in which employees work. So our first talking point is that you have been presented a thesis, predicting that a State/Federal subsidy to these agencies will solve their recruitment and retention problems. We don't believe that assertion at all. We believe health care providers are responsible on their own to make their work attractive. If they believe it will, they must find the resources within their administrative overhead to find a way to pay for health insurance. We strongly object to the State of Montana providing nearly \$2.7 Million dollars to determine whether, OR NOT, Medicaid home care providers will achieve lower turnover and ease of recruitment. On the face of it's good intention, it fails to look at the worker shortages for all of the in home care providers. This windfall will definitely lead workers from our company to work for the subsidized company. Worker shortages translate into bad care and inability to provide needed care. Our dear seniors who pay out of their pockets cannot afford to match the salaries and health care package that the other agencies have. We dread the idea that our clients would be enticed to leave our service because we can't charge them enough to pay for health insurance benefits. That is exactly the unintended result from passage of this bill. It will have a disastrous effect on those of us who don't participate in Medicaid services. If you do not think the proponents helping you to pass this bill have not thought about that, you are seriously naïve. The way to prevent this from happening to us, is to make it crystal clear that these funds are to be spent to purchase health insurance for Medicaid workers caring for Medicaid clients.

This bill is simply a windfall for providers of Medicaid in home services so they can increase their worker capacity to gain a stronger hold into the private pay market. This is where the face of the bill changes from a benefit to a potentially harmful unintended threat to those of us who don't participate in Medicaid but must recruit from the same worker pool. It will increase the cost of service and the cost will have to be passed on to the ladies and gents who write a check for their care. We implore you to consider the enormity of the aging needs in the near future. It is coming on like a big pig inside a python! I assure you, businesses like ours already plays a huge role in staving off unnecessary hospitalizations, emergency room visits and as well, permanent sale of private homes and moves into institutions. The State does not need fewer of us, they need more of us. We will not exist if these agencies will have a nice incentive paid for by the State (Our company pays taxes and our clients pay taxes.)

Finally, the real competition among us is the shared labor pool. As stated in my email comments to you, we wanted more than anything to provide a great health insurance package for our employees. After receiving several bids from private health insurers, it was cost prohibitive, and remains so to this day. The problem with passage of this bill is that our business, in order to grow and become profitable so we can pay taxes on it, must recruit from the same pool of workers that Montana Health Solutions, Case Management Connections and Partners in Home Care in the Missoula-Ravalli area. We will most certainly experience adverse effects from this huge bail out for our competitors. CAREGiver shortage is a national problem.

A Home Instead Senior Care client is on average, 79 years old, usually a female widow or couples who are living with Alzheimer's and Dementia. All of our clients are private pay clients. It is vital to our success to be price sensitive because our clients pay for this service out of their checking accounts. We have a fine program, but that's not the issue. The issue is that we must constantly recruit CAREGivers in order to serve a growing number of clients. The CAREGiver labor market is shared by us all in our counties. Should the other agencies be given this windfall, even for a year, there is no apparent provision restricting the health insurance benefit to caregivers taking care of Medicaid clients. All three Missoula agencies carry a preponderance of Medicaid clients. We thought we were doing them a favor to stay out of the Medicaid client market.

Our business must keep wages up to be close to state Medicaid salary mandates each biennium. Now we must face the real possibility of being the only provider of in home services without a State Subsidy to purchase Health Insurance for our workers. We will have to pay CAREGivers more, but we would not have a state bailout.

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Let us be clear. We are not asking to be included in this experiment. We want you as a Legislative body to know that there are small in home care businesses out here run completely privately without mixing caseloads with Medicare or Medicaid payments. I worked 32 years in that world. Our service is targeted for frail seniors who do have resources to pay for some in home care and respite service from a company with a stable and well-chosen workforce. Because the clients pay for our worker's salaries, we constantly work with families to keep the resources stretched for as long as they want to remain at home, or in the least restrictive environment.

We had no idea that the Legislative system has had this in the works for 18 months. We apologize for being here at the last reading, but believe us when we tell you that the act of passing this bill as written will tilt the competitive edge toward companies who make no hesitation to dominate the private pay market as well as monopolizing the Medicaid market. For many reasons, we remain a private pay only non medical service. The fact remains, we are a privately-independently-owned small business. We know that the Legislative Intent is to help get health insurance for workers providing Medicaid, but the intent on whether it is to help those employers monopolize the CAREGiver pool as well is very unclear, and we fear, absent.

In Summary

- 1. We'd like to see the bill die.**
- 2. Falling short of that, we are here to tell you of the threat to our capability to hire from the same pool of workers.**
- 3. We also realize that none of you have been presented with the privatized sector of caring businesses who do not believe in asking for government handouts.**
- 4. We run our business in such a way that when it is big enough, we can offer a health plan. That day is further off if you pass this bill.**
- 5. We disagree with the philosophy of providing handouts to private and public business to give them an unfair edge in a shallow labor pool is nothing more than welfare for already profitable Medicaid businesses.**

Respectfully submitted this 3rd day of April, 2007.